

## MANAGERIAL EFFECTIVENESS OF CUT FLOWER BUSINESS UNITS IN KOTHAGIRI

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### ABSTRACT

*The study was conducted to analyse the Managerial functions in the cut flower business and Business Challenges Faced by the cut flower growers. For the present study Kothagiri block of Nilagiri district was selected purposively as it is one of the major cut flower growing block in Nilagiri district. For the study Ten farm houses were selected to collect the data Analysis of BEP(Breakeven Point) indicated, BEP for farm No.1 is low (58012.24 flowers per 500 Sqms), BEP for farm No.6 is high (80772.44 flowers per 500 Sqms). Farmers' fallow cutting method of harvesting, Butter paper used as major packing material to pack the flowers, packing cost is 0.25p per Stem, all the farmers use Truck as major mode of transportation, The transportation cost is Rs.300 per Cotton box. Length and colour are the major grade specifications. The sample respondents sell their flowers to wholesaler the average sale price of Rs. 6 per stem. 70 per cent of sample respondents under gone training. Labour management indicated, farm manager's opined their labours are technically efficient, they review the performance of the labour regularly and they provide incentives annually. Financial performance analysis shows the assets, liabilities, net worth, net capital ratio, liquidity ratio and operating ratio of the sample respondents, farm No. 1 and Farm No. 2 are financially performing well. Highly Seasonal Demand, Pest Vulnerability, Dependence on Weather and Perishable Product are major business problems.*

**KEYWORDS:** Cut Flower, Breakeven Point, Marketing, Financial Performance

**Received:** Apr 29, 2016; **Accepted:** May 18, 2016; **Published:** May 24, 2016; **Paper Id.:** IJHRMRJUN20166

### INTRODUCTION

Managerial effectiveness would be to manage self and others in the most effective manner. However, there are tools to measure managerial effectiveness of individuals, starting from recognizing one's personality type, achieving goals effectively while synchronizing relationships, and dealing with difficult colleagues while maintaining healthy team atmosphere, facilitating ownership by exploring alternatives and generating solutions and demonstrating sensitivity while relating objectives.

Managerial effectiveness is a leader's ability to achieve desired results. How well he applies his skills and abilities in guiding and directing others determines whether he can effectively meet those results. If he can, his achievements are poised to help the organization gain a competitive edge against rival organizations heading into the future.

Flowers play an essential role in people's celebrations and everyday lives. Weddings, Graduations, Funerals, Mother's Day, Valentine's Day and Christmas are all peak periods of demand for flowers and plant. Indian floriculture sector is now experiencing a change in terms of technology of production packaging and storage,

varieties and qualities of product, quantum of production and marketing mechanism. Globalization has great opportunities to Indian floriculture.

Tamil Nadu holds high potential for floriculture development due to varied agro climatic conditions, low production cost, expanding domestic use of flowers etc. Growing of cut flowers under protected cultivation is also being encouraged in potential districts like Krishnagiri, Salem, Erode, Coimbatore, Dindugal and the Nilgiris. Accordingly, the main objective of this study was to analyze the Managerial functions in the cut flower business and to identify the Business challenges faced by the cut flower growers.

## METHODOLOGY

For the present study Kothagiri block of Nilagiri district was selected purposively as it is one of the major cut flower growing block in Nilagiri district. The purposive sampling technique was adopted for the selection of the sample respondents for collection of information required for the study. For the study 10 farm houses were selected to collect the data.

### Objectives of the Study Were,

- To analyze the Managerial functions in the cut flower business.
- To identify the Business challenges faced by sample Respondents

For evaluating the specific objectives designed for the study, required primary data will be collected from randomly selected sample respondents by personal interview method with the help of structured schedule. This includes general information, cultivated flowers, harvesting method, packing method, Storage method, transport facilities, marketing practices, labour efficiency and challenges faced by the cut flower farm houses were to be analysed.

Production aspects were analyzed by Break even analysis, it was based on cost and revenue analysis, at BEP neither profit nor loss, is point where there is interaction of TR and TC curves, the vertical distance between TR and TC is zero

### The Breakeven Point

$$\frac{\text{Total Fixed Costs}}{\text{Selling Price Per Unit} - \text{Variable Cost Per Unit}}$$

Financial performance of the cut flower Farm Business units were analyzed by financial ratios.

### Financial Ratios

- **Net worth:** Assets – liabilities
- **Net capital ratio:** Total assets/ total liabilities
- **Leverage ratio:** Total liabilities/ net worth
- **Operating ratio:** Total operating expenses/gross income

## RESULTS AND DISCUSSIONS

**Table 1: General Characteristics of Sample Respondents**

S. No	Particulars	Criteria/No.
1	Average age of the farm manager	38
2	<b>Education level</b>	
	College	60%
	High School	40%
3	<b>Occupation</b>	
	Agriculture	100%
4	Average size of the ploy house	1317Sq.M
5	Type of Cut flower Cultivated	Carnation
6	soil type	Red Soil
7	source of irrigation	Well
8	Type of irrigation	Drip Irrigation

General characteristics of sample respondents was presented in the Table 1, which revealed that, majority of the sample respondents belonged to middle age group. Average age of the sample respondents was 38 years. This had influenced the sample respondents to take innovative and timely decisions to enhance their farm income. Middle age group farmers have combined the enthusiasm and experience in farming.

Literate sample respondents possessed education ranging from high school to college level. 40 percent had high school education and 60 per cent they attained college level education. This helps farmers regarding recent development in floriculture and other enterprises to increase their level of income and productivity in the farm. Further, farmer's receptive capacity and adoption of technology may easy.

Occupational pattern of the sample respondents revealed that all sample farmers main occupation is crop agriculture which accounts for 100 per cent. This shows the majority of farm families depend on agriculture for their livelihood and employment.

All the sample respondents cultivating carnation as their major cut flower because of it is one of the important and most preferred flower crop in the world market. And they using Red soil is the major soil type for cultivating the flower, it has rich in organic matter. All sample respondents are use well has the major source of irrigation because availability of the water thought the year and Drip irrigation as their major type of irrigation, it is water saving technique most desirable to apply fertilizers (Fertigation).

**Table 2: Sourcing of Plant Material by Sample Respondents**

S. No	Particulars	Criteria/ No.
1	<b>Source</b>	Puna
2	<b>Average Planting Materials</b>	1200 per 500Sq.m
3	<b>Average price per plant</b>	Rs.5
4	<b>Attributes for plant materials</b>	Good Quality, Credibility

Sourcing of plant material by sample respondents was presented in the Table 2, it explains that all the sample respondent's source from Puna because of good quality of the planting material, credibility of the supplier materials, it helps to farmers to get raw materials at constant and regular basis and availability of planting materials at reasonable prices

at Rs.5 per plant also another reason.

**Table 3: BEP of Sample Respondents**

Farm No	Total Area in Sqm	Total fixed Cost	Sale Price per Unit	Variable Cost per Unit	BEP per Farm	BEP per 500sqm
1	3500	1672800	6	1.19	348073.44	58012.24
2	2000	1115500	5	1.29	300461.75	75115.44
3	650	285000	6	1.32	60932.94	60932.94
4	1000	567300	5	1.31	153881.33	76940.66
5	1000	559000	6	1.27	118158.03	59079.01
6	720	285000	5	1.47	80772.44	80772.44
7	1000	558800	6	1.24	117401.51	58700.75
8	1500	841750	5	1.28	226420.09	75473.36
9	1000	558650	6	1.30	118861.70	59430.85
10	800	286500	6	1.53	64115.21	64115.21

BEP of sample respondents are presented in the Table 3, it shows the Break-even point of the respective farms, the BEP for farm No.1 is low (58012.24 flowers per 500 Sqms) followed by farm No.7 and 5 (58700.75 flowers per 500 Sqms and 59079.01 flowers per 500 Sqms) respectively. This may be attributed to bigger farm size, high sale price and lower variable cost per unit.

Similarly BEP for farm No.6 is high (80772.44 flowers per 500 Sqms) followed by farm No. 4 and 8 (76940.66 flowers per 500 Sqms and 75473.36 flowers per 500 Sqms) respectively. This may be attributed to use of more labour and less sale price of the flowers.

**Table 4: Marketing Practices of Sample Respondents**

S.No	Particulars	Criteria
<b>1</b>	<b>Harvesting</b>	
	Method of harvesting	cutting
	Avg. labour output/day	900
<b>2</b>	<b>Packing</b>	
	Material	Butter paper
	Cost/flower	0.25 Ps.
<b>3</b>	<b>Transportation</b>	
	Mode	Truck
	Cost	Rs. 300/cotton box
<b>4</b>	<b>Grading</b>	
	Specification	Length and colour
	Criteria	2.5ft
<b>5</b>	<b>Selling behaviour</b>	
	Market intermediary	wholesaler
	Average price/stem	6
<b>6</b>	<b>Source of information obtained</b>	Trader, Neighbours, Friends

Details of marketing practices followed by the sample respondents are about Method of harvest, packing method, mode of transport, grading and selling behaviour are presented in the Table 4, the results in the table clearly indicate that all the farmers follow cutting method of harvesting because of it is most preferred, desirable method of harvesting and Avg. labour productivity is 900 stems per day it shows labours are more efficient in the work.

With respect to packing, Butter paper used as major packing material to pack the flowers, because it preserve and protect the quality during the period of transportation. Packing cost is 0.25p per Stem

With regard to mode of transportation, all the farmers used Truck for moving their produce<sup>0</sup>. Because they are easily available and convenient to transport the flowers. The transportation cost is Rs.300 per Cotton box.

It was observed that Length and colour are the major grade specifications with stem length 2.5ft. It may due to consumer preference and market requirement for the flower length and colour.

The sample respondents sell their flowers to wholesaler this may attributed to they are getting higher price per flower and degree of mutual trust they have. The avg sale price is Rs. 6 per stem.

Source of information obtained by the sample respondents are presented in the Table 6, it observe from the all the sample respondents obtain the information through informal sources. It may attributed to degree of mutual trust they have.

**Table 5: Training Details of the Sample Respondents**

S. No.	Particulars	Criteria/No.
1	Percentage of participants	70%
2	Organisation	Horticulture department
3	Duration	7days
4	Subject	Production and Post-Harvest tech of carnation

Training Details of the sample respondents are presented in Table 5, it clear from the table that highest number of sample respondents (70%) under gone training on the subject Production and Post-Harvest tech of carnation with duration 7 days, organised by Horticulture department. It may be attributed to the majority of the sample respondents are well educated and also various Govt. organisations organising training programs to build capacity and skills, to teach the package of practices.

**Table 6: Labour Management by the Sample Respondents**

S. No.	Particulars	Criteria/No.
1	Labour working hours	8 hrs
2	Labour technical knowledge	yes
3	Performance review by manager	yes
4	Average incentive	Rs. 1500

Labour management by the sample respondents are presented in the Table 6, it reveals that 8 hours is the labour working time, the farm manager's opined that their labours are technically efficient, they review the performance of the labour regularly and they provide incentives annually an avg Rs.1500. It may attributed to work efficiently by the labours and induce them to come to work regularly.

**Table 7: Financial Performance of the Sample Respondents**

Particulars/ Farm no	Assets	Liability	Net Worth	Net Capital Ratio	Leverage Ratio	Operating Ratio
1	2032800	800000	1232800	2.541	0.649	0.199
2	1355500	500000	855500	2.711	0.584	0.257
3	355000	250000	105000	1.420	2.381	0.220
4	687300	400000	287300	1.718	1.392	0.263
5	679000	400000	279000	1.698	1.434	0.212

Table 7: Contd.,						
6	365000	350000	15000	1.043	23.333	0.294
7	678800	500000	178800	1.358	2.796	0.207
8	1021750	750000	271750	1.362	2.760	0.256
9	678650	450000	228650	1.508	1.968	0.217
10	396500	300000	96500	1.322	3.109	0.255

Financial performance of the sample respondents are presented in the Table 7, it shows the assets, liabilities, net worth, net capital ratio, liquidity ratio and operating ratio of the sample respondents. The net worth high is high and in farm No. 1 (Rs.1232800) followed by Farm NO. 3 and 2 (Rs.105000 and Rs.855500) respectively, while low in case of Farm No.6 (Rs. 15000) followed by Farm No. 10 and 7 (Rs.96500 and Rs.178800) respectively. Here if net worth high, indicates better performance of the Farm, and vies- versa.

With respect to net capital ratio, high in Farm No. 2 (2.711) followed by Farm No. 1 and 4 (2.541 and 1.718) respectively while it was low in Farm No.6 (1.043) followed by Farm No. 10 and 7 (1.322and 1.358) respectively. Here if net capital ratio high, indicates better performance of the Farm, and vies- versa.

With regard to leverage ratio, was low in Farm No.2 (0.584) followed by Farm No. 1 and 4 (0.649 and 1.392) respectively. While high in Farm No.6 (23.333) followed by Farm No. 10 and 7 (3.109 and 2.796) respectively. Here if leverage ratio low, indicates better performance of the Farm, and vies- versa.

In case of operating ratio, was low in Farm No.1 (0.199) followed by Farm No. 7 and 2 (0.207 and 0.257) respectively. While high in Farm No.6 (0.294) followed by Farm No.4 and 2 (0.263 and 0.257) respectively. Here if operating ratio low, indicates better performance of the Farm, and vies- versa.

### Business Challenges Faced by the Sample Respondents

Major business challenges faced by the sample respondents were,

- **Highly Seasonal Demand:** Most nurseries do the bulk of their business in spring, although most operate year-round in order to prepare for the growing season. Greenhouses allow for plants to be grown in the colder seasons. Most flower sales occur around major holidays such as Christmas/Hanukkah, Mother's Day, Easter, Valentine's Day, and Thanksgiving. Because of seasonal demand, labour needs and cash flow are very uneven throughout the year.
- **Pest Vulnerability:** With large crops of identical plants, commercial growers are very susceptible to insects, molds, and bacteria. Although pesticides are routinely used to ward off well-known pests, new pathogens like imported fire ants and the glassy-winged sharpshooter are constantly appearing. With high turnover of plants, Business Challenges shrubs, and trees, and a wide range of plant species, the typical nursery is prone to infestation by a wide range of pests.
- **Dependence on Weather:** With most operations outdoors, growers are very susceptible to poor weather conditions. Although irrigation and heating systems at many locations mitigate the effects of poor weather, temperature, moisture, and sunshine fluctuations can severely affect crop yields and quality. Some growers can purchase insurance if severe weather in the region is a concern
- **Perishable Product:** The selling period for many plants is very short. Unless growers can find customers quickly,

product can spoil or it can die during transport. Growers are often left with unsold inventory.

## CONCLUSIONS

The significant findings of the study were The Avg. age of the sample respondent was 38 years, literacy percentage was high, occupation of all the sample respondents was found to be Agriculture and All Sample respondents cultivate carnation as their major cut flower. The sample respondents source planting material from Pune, with Avg. price at Rs. 5. BEP was found to be low in farm No-I (58012.24) and it was high in Farm No-II (80772.44). It was found that all the sample respondents follow Cutting method of harvesting, with Avg. labour productivity 900 stems/ day. With respect to packing, Butter paper used as packing material and the cost of packing material was 0.25 Ps / Stem. Mode of transportation, all the sample respondents used Truck for moving their produce to market. In the case of grading, Length and colour major grade specification. It was found that sale of cut flowers of sample respondents opted for wholesaler. With Avg. sale price Rs. 6/stem. It was observed that 70 per cent of the sample respondents under gone training on the subject Production and Post-Harvest Tech of carnation. Majority of the sample respondents obtain information through informal sources. With respect to labour management, labours possessed technical knowledge, Regular performance review has been done and labour has been provided incentives. In case of financial performance, majority of the cut flower business units are financial sound. The major business challenges faced by the sample respondents were Highly Seasonal Demand, Pest Vulnerability, Dependence on Weather and Perishable Product.

## SUGGESTIONS

A range of measures is needed to foster development of the cut flower sector and to increase exports and global market share. Ensuring product diversification and increasing the number of the kinds of cut flowers are among the most important measures. In presentation of the cut flowers from the producer to the consumer, cold store chains must be established and the cold conditioning created by the producer must be maintained to avoid temperature fluctuations which are very harmful until the products are delivered to the consumer. Cut flower sector has a promising potential if the problems arising from production, marketing and issues related to exporters are solved. It could reach the position and export level it deserves with a new image in the foreign markets.

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